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EXCISE

DEPARTMENT OF STATE

Washington, D.C. 20520

19 AUGUST 1975

MEMORANDUM OF CONVERSATION

Senate Select Committee Staff Interview with Ambassador
Edward M. Korry - Briarcliff Manor, N.Y. - 18 July 1975
Staff - Treverton; State - Korry, Hitchcock

Ambassador Korry's tour in Chile ran from 12 October
1967 to 12 October 1971- exactly four years.

Korry felt the US government was too close to the
Christian Democrats- a fairly leftish Social Democratic
party. [REDACTED]

Korry denied the charge of bribery as a canard,
but the matter has never been put down by responsible
authorities. Church knows the bribery charge is a lie.
Shlaudeman can back this up [REDACTED]

[REDACTED] Korry wants Congress
to ~~denounce~~ Harrington's lie and correct the record;
he cannot understand why perpetuate a lie which harms
the US.

As to whether funds were authorized to be used in
the 50-day (15 September-24 October 1970) period, the
"Green Light" cable authorized expenditures only if Frei
authorized them, and this Korry made clear in his testi-
mony in the Church MNC hearings in the Spring of 1975.

Chile Project (#S199900030)
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The goal was to keep Chile a functioning democracy and prevent Frei's going under to an Allende attack, and the funds were to be used for that purpose, following Frei's lead. ~~The Agency was pro-Allessandri, and there was a deal between Frei and Tomic to throw the Tomic-~~ bloc of votes to Allessandri in the Congress. Tomic was acceptable to the US even with his Communist backing, and Korry made no move to talk to Allessandri or Tomic out of the deal. [] asked for funds to support [] in an effort to oust Tomic but Korry did not go along. The Alex Johnson cable to Korry on the 40 Committee decision (Track I?) stressed that what we were doing was what the US Congress, the Executive Branch and Chile itself wanted. Frei communicated directly with Nixon after the election (4 Sept), not through Korry, and told Nixon Allende meant the irreversible end of democracy in Chile and that we must preserve the Christian Democrats as a force for democracy after the present terror.

There was contingent authorization in September 1970 for funds for some plans if Frei came forward, the funds to be expended only with Korry's approval. Not a penny of this was spent, but Harrington and the Congress are perpetuating the lie Korry used it for bribes. Several Christian Democratic Congressmen asked the Embassy for help to turn votes away from Allende in the Christian Democratic Congress but no money was given. The grass roots organizations against Allende, wanted help for the same purpose, but Korry broke off contact with them. There was no involvement in Chilean internal affairs; [] had no authority to deal with the Christian Democrats. Korry didn't want to deal with rightist elements, although the [] CIA were for the anti-Communists, and yet these same rightists in January 1971 were telling the US that Allende was OK.

[] A week or so after the elections, the Christian Democrats were checking to see if Tomic could deliver the votes to Frei to stand off Allende. Fifty-six percent of Chile is anti-Marxist, and this brought Allende down in the end. On Frei, the left democrats need to feel part of a force larger than their country- a democratic internationale- a sense that others outside Chile cared- a sign of help. (The \$10 million loan to Frei to pull down copper prices in 1964 was a clear bribe)..

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Korry is angry at those who would associate CIA with Schneider's death- that was a Castro trick to get Allende elected-a diversion and excuse, like the Reichstag Fire. When is Congress going to clear this up? (See ~~the Ramparts~~ article April 1971) ~~The Schneider job was~~ done by the ultra left who were pushing the MIR to bring down bourgeois society. After the investigation of the Schneider assassination, Allende pardoned the ultra left in gratitude for their help in getting him elected. It was a MIR infiltration who turned the kidnapping into a murder and there was a deal between the far left and the far right to keep this covered up. For Church and Percy to defend a man like Allende who had no redeeming political or personal features is absurd. Korry was foolish enough to hope we could deal with Allende but Allende never kept his word. Between November 1970 and October 1971. Korry made many efforts to negotiate with Allende- offers of loans and credits, recommendations to Ex-Im Bank for a loan to pay off the nationalization of Cerro Copper. Economic pressure on Allende came after Korry had left. Korry was kept in Santiago because he had negotiated the Bethlehem Steel and Anaconda deals with Chile, and the Department hoped he could succeed with Allende.

During the "50 Days" (Sept-Nov 1970) there were numerous reports and proffers of coups which Korry consistently turned down. The military would only follow the Chilean people. He feared any US effort to engage the military in a coup would reflect very badly on the US. He made great efforts to avoid contact with Viaux, and the one probe by Valeuzuela was countered with an Embassy recommendation to find a democratic solution- that a coup was unacceptable to Korry. Korry checked all Embassy people repeatedly for any contact with possible coup plotters and found none. He sent a message to the 40 Committee warning that any US involvement in a Chile coup would have worse results than the Bay of Pigs. Korry has since heard in the press that he was the one to keep the US out of a coup, but he has always denied it.

Korry and [redacted] had good relations but differing philosophies. [redacted] wanted Korry to lean on Frei, but Korry felt Frei could make up his own mind. Frei was not sure Alessandri and Tomic had the votes in Congress; he did not want to destroy the Christian Democrats and he did not want a civil war. The Communists were destroying the ultra left using Chile's military leaders while keeping their own apparatus intact. The MIR brought Allende down over his veto of the agreement on copper with the US. The Church Committee hearings in 1973 ended all possibility of a deal with the US and brought about Allende's

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downfall. Korry had made many efforts to push US companies to negotiate with Allende; he offered deals to Allende but Allende wouldn't go along. Levinson (Staff, Church MNC Committee) knows this but has created a contrary impression and holds Korry guilty of perjury. Jack Anderson has said Korry was in IT&T's pocket, but Korry was teaching Allende how to deal with IT&T in his efforts to find some basis of negotiating with Allende.

During the "50 Days" DCM Shlaudeman checked frequently with all Embassy personnel regarding knowledge of or participation in any coup planning and found no evidence of it. Korry was suspicious of this nevertheless, and cabled his suspicious that, despite [redacted] denials, CIA was involved somehow in coup plans. Frei knew that [redacted] was trying to prod Viala into action. Korry tried but failed to dissuade [redacted], being interested in preserving democracy in Chile which would be threatened by a coup. Korry continued to be suspicious of a coup in the wind but got his first definite information that one was attempted or planned from Jack Anderson. He felt his Attache [redacted] was also lying to him but had no hard evidence of it.

Korry was not opposed to a coup purely on moral grounds but knew twenty good reasons why a coup would be impractical and that the US would be badly hurt by involvement in the failure. He would resign rather than let the US intervene against a democratically elected government and repeated this position often to Washington. And so he tried to keep all Americans away from contact with the Chilean military. If Frei wanted a coup, Korry would not oppose him, but Frei would have to take the lead. But CIA didn't like Frei and tilted their information against him; they regarded him as another Kerensky. State saw Frei as a democrat and could do nothing unconstitutional against him. Korry repeatedly warned senior Chilean officers not to consider a coup; the US would not support them. Korry was aware of a private CIA report, probably before mid September and after 4 September elections, stating that the Chilean military could be used for a coup and wondered if that might not have made up Nixon's mind to try and block Allende's confirmation by Congress.

Korry maintained contact with Allende after his confirmation because he knew Russia and China were watching US reactions to Allende. If we had turned our backs on Allende, perhaps Russia would have tried more such operations. The importance Russia attached to Chile is signified by the fact that Kirilenko, the No 2 man in the politburo, was the Chilean case officer. Korry's and the USG's policy was to support democracy in Chile; we couldn't abandon Chile just because Allende won.

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Allende fell because he thought he could dictate to the US he felt he had a sure constituency in the US Congress, from its criticisms through the Church MNC Committee of US business in Chile, and so he could safely renege on the Cerro Copper deal, and this brought him down.

But Korry was the only person in the Embassy who believed Allende could win. Everybody, including CIA, believed Alessandri would win.

The problem in dealing with Allende was that he was fairly elected. Korry told Almeda (Foreign Minister) that we would get along with Allende despite our objections to his political philosophy, but if we were right that Allende was a Communist, then Chile should prepare for action if Allende refused to negotiate with the US and moved to destroy democratic institutions in Chile.

Portugal today is like Chile in Allende's time: control of labor unions through a single mass union; a muzzled press through taxes, blackmail, suits for back taxes, control of newsprint; blackmail of leaders in opposition. A bad check in Chile is a mandatory jail sentence. Allende got the banks to lend money to people like Tomic and Christian Democratic leaders against checks written for larger amounts than the loan. Allende then seized the checks and threatened to jail the signers and all co-signers (including bank officials) and got control of the opposition through this sort of blackmail. Korry asked the US for [redacted] help Tomic out of this mess but was turned down.

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